

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 JUN 30 PM 5:45

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: July 13, 2010

RE: **An Agency Resolution Authorizing The Agency Administrator To Apply For, Accept, And Appropriate Federal, State And Local Grant Funding For Planning, Design, And Construction Of Infrastructure Improvements On The Former Oakland Army Base Including, But Not Limited To, Environmental Remediation, Materials Import And Surcharging, Rail Expansion, Public Utilities, Streets, And Landscaping, Without Returning To The Agency Board**

SUMMARY

The Oakland Redevelopment Agency and the Port of Oakland are assuming the responsibility of paying for the rail terminal, streets, utilities and other site preparation costs necessary to prepare the former Army Base for private development.

The Agency is well positioned to leverage public grant funding with existing and secured sources of revenue for the development of the former Oakland Army Base. To do so, staff requests authorization to apply for, accept, and appropriate public grant funding to support environmental remediation, materials import and soil stabilization, new wet and dry utilities, new streets, landscaping and expanded rail service. Planning, design and construction of these major projects is roughly estimated at \$525,000,000. The Army Base Redevelopment Area can commit up to \$32,000,000 for infrastructure development over the course of the next seven years. The Port of Oakland's Trade Corridor Improvement Fund allocation from the State of California can also be used as leverage up to \$243,000,000. This leaves roughly \$250,000,000 to be raised from other public sources, which in turn will attract substantial private investments for trade and logistics operations, a new industrial district, and other commercial uses. Public funding for the Army Base project will not come in one lump sum. The Agency will have to compete for funding through a variety of agencies. Often, the announcement of grant opportunities and application deadlines do not give staff ample time to seek Agency Board authorization prior to submitting an application.

This report requests authorization to apply for, accept, and appropriate federal, state and local grant funds as such grant opportunities shall become available, without returning to the Agency Board.

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FISCAL IMPACT

Grant funds received for former Army Base development will be allocated to a Joint Infrastructure Development Fund (to be established). Match requirements typical of public grants will be met by an Agency contribution of \$16,300,000 from Fund 9575 to a new Joint Infrastructure Development Fund. Match requirements will also be met by the newly established Joint Remediation Fund 9579, which will have \$11,482,953 as authorized by the Agency Board April 20, 2010 through Resolution No. 2010-0049 C.M.S. Additional matching funds may come from the Port of Oakland's Trade Corridor Improvement Fund bond allocation of \$243,000,000.

The application for and acceptance of grant funds for the development of the former Army Base will have no impact on the City's General Purpose fund.

BACKGROUND

The Army Base Reuse Plan, Redevelopment Plan, Environmental Impact Report and related technical studies assumed that development of the 390-acre former Army Base site would require all new infrastructure and utilities. Cost estimates over the years have ranged from \$130,000,000 to \$525,000,000 depending on the scope and order of magnitude of the entire project. Regardless of the ultimate scope of the site preparation project, the Agency will need to generate two hundred million dollars or more from various public sources to support the Army Base development project.

KEY ISSUES AND IMPACTS

The City of Oakland, Port, and AMB/CCG advocated a One Vision, One Project, One Team approach to developing the former Army Base in partnership with the Port of Oakland and AMB Property Corporation/California Capital Group (AMB/CCG). Preparing the site for private investments and vertical development will require investment of local, state and federal funds to remediate and stabilize the property, install new utilities, build new streets, expand rail access, and improve traffic flow. Agency staff is prepared to recommend an initial investment of \$16,300,000 for engineering design work and planning. The Agency and the Port have also recently committed more than \$11,400,000 to continue environmental remediation work. These efforts are planned to help trigger the release of the Port's Trade Corridor Improvement Funds (TCIF) to support development in the East and Central Gateway Areas in conjunction with the expansion of rail service through the Outer Harbor Intermodal Terminal. The TCIF allocation is also intended to support a major grade separation project to improve traffic flow, reduce emissions, and to enhance public safety at the 7th and Maritime Street intersection. The total estimated cost of all of this work on a rough order of magnitude is \$525,000,000.

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It should be noted that the rough cost estimates for infrastructure do not include the North Gateway Area. That said, master planning of infrastructure and utilities is contemplating the need to serve the North Area, which should reduce the cost of installing utilities there. The rough order of magnitude estimate for preparing the North Area for vertical development is \$11,000,000. Potential sources of revenue to support the development of the North Area include net tax increment, net lease revenues generated from the site, and perhaps land sale proceeds.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

This action complies with the requirements of the California Environmental Quality Act (CEQA) for the following reasons, each of which provides a separate and independent basis for CEQA compliance: (1) some activities covered under the contemplated grants have already been evaluated by the previously certified 2002 EIR, such as hazardous materials remediation; (2) certain activities covered under the contemplated grants are statutorily exempt from CEQA, such as Planning and Feasibility Studies, including detailed design and engineering efforts, pursuant to CEQA Guidelines section 15262; (3) the contemplated grants are merely funding mechanisms that are not subject to CEQA, pursuant to CEQA Guidelines section 15378(b)(4); and (4) this action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3), where it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

Specifically, the application, acceptance, appropriation and execution of any grant for the Army Base project does not constitute an approval by the Agency of the proposed project and the subsequent approval of any specific project by the Agency Board is subject to CEQA, where applicable. In particular, the Agency reserves all of its rights and duties under CEQA with respect to the proposed Army Base project, including without limitation the authority to do any and all of the following: (a) prepare an environmental study evaluating the impacts of the proposed project, feasible alternatives to the project, and feasible mitigation measures; (b) adopt any feasible alternatives and/or feasible mitigation measures to lessen any significant environmental impacts resulting from the proposed project; (c) determine that any significant environmental impacts of the proposed project that cannot be mitigated are acceptable due to project benefits overriding any significant unavoidable impacts; and/or (d) decide to modify or deny approval of the proposed project, and not to proceed with the project, due to the results/findings of the CEQA process. After completion of the CEQA process, the specific project shall return to the Agency Board for its consideration based upon the foregoing.

PROJECT DESCRIPTION

Efforts are underway to attract a substantial amount of federal funding for the development of the former Army Base. As federal funds are sometimes disbursed through local, regional, and

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state entities, the Agency should be prepared to apply for funding through the full spectrum of public sources.

Public funding for the Army Base project will not come in one lump sum. The Agency and Port will have to compete for funding through a variety of agencies. Oftentimes, the announcement of grant opportunities and application deadlines do not give staff ample time to seek Agency Board authorization.

Working in close coordination with the City Administrator, other City agencies and departments, and the Port, Agency staff is gearing up for a long period of grant application submissions and grant administration. Since the Army Base is not the City's only priority, the City Administrator's Office will determine which projects should take priority as funding opportunities arise.

The Army Base development project has already obtained strong Mega Region and State support, and is gaining momentum in Washington, D.C., as the Mayor and the City's federal lobbyists meet with the Administration and with our Congressional representatives. Even with strong support from the President's Cabinet and various federal departments, the Agency and the Port will still need to submit detailed and compelling applications to gain approval for substantial awards in support of the Army Base project.

SUSTAINABLE OPPORTUNITIES

Economic: The ability to attract additional public funding through grant opportunities will enable the Agency and the Port to prepare the Army Base site for substantial private investment and growth, including the creation of thousands of temporary and permanent jobs, and additional tax revenue.

Environmental: The Agency will ensure that development projects adhere to the City's sustainable development guidelines, which include criteria for green building technologies, site selection and preparation, water, energy, indoor environmental quality and human health factors, materials selection with recycled content or health considerations, and waste and recycling procedures.

Social Equity: Social equity is ensured through the City's and Port's local hiring and contracting requirements.

DISABILITY AND SENIOR CITIZEN ACCESS

Any projects and programs implemented in this project area will be required to comply with applicable City, State, and Federal disabled access requirements. Any new construction that

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occurs on the properties in these project areas will be required to comply with applicable disabled access requirements. CEDA Building Services will address such standards during plan check and building inspection.

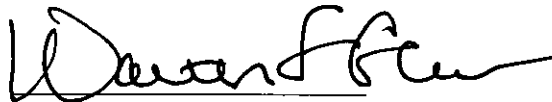
RECOMMENDATION AND RATIONALE

Staff recommends that the Agency Board approve the resolution authorizing staff to apply for, accept, and appropriate grant funding. For new development, the former Army Base requires extensive environmental remediation, materials import and soil stabilization, new wet and dry utilities, new streets, grade separations, landscaping and expanded rail service. Staff estimates the need for approximately \$250,000,000 to match approximately \$275,000,000 in local and state funding to complete the work needed to support the full build-out of the former Army Base.

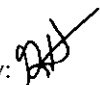
ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Agency Board adopt the resolution authorizing the Agency Administrator to apply for, accept, and appropriate federal, state and local grant funding for planning, design, and construction of infrastructure improvements on the former Oakland Army Base, without returning to the Agency Board.

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

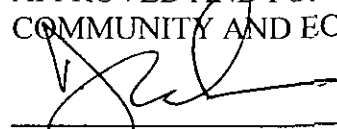
Reviewed by: 

Gregory Hunter, Deputy Director of Economic
Development and Redevelopment

Prepared by:

Al Auletta, Redevelopment Area Manager

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:

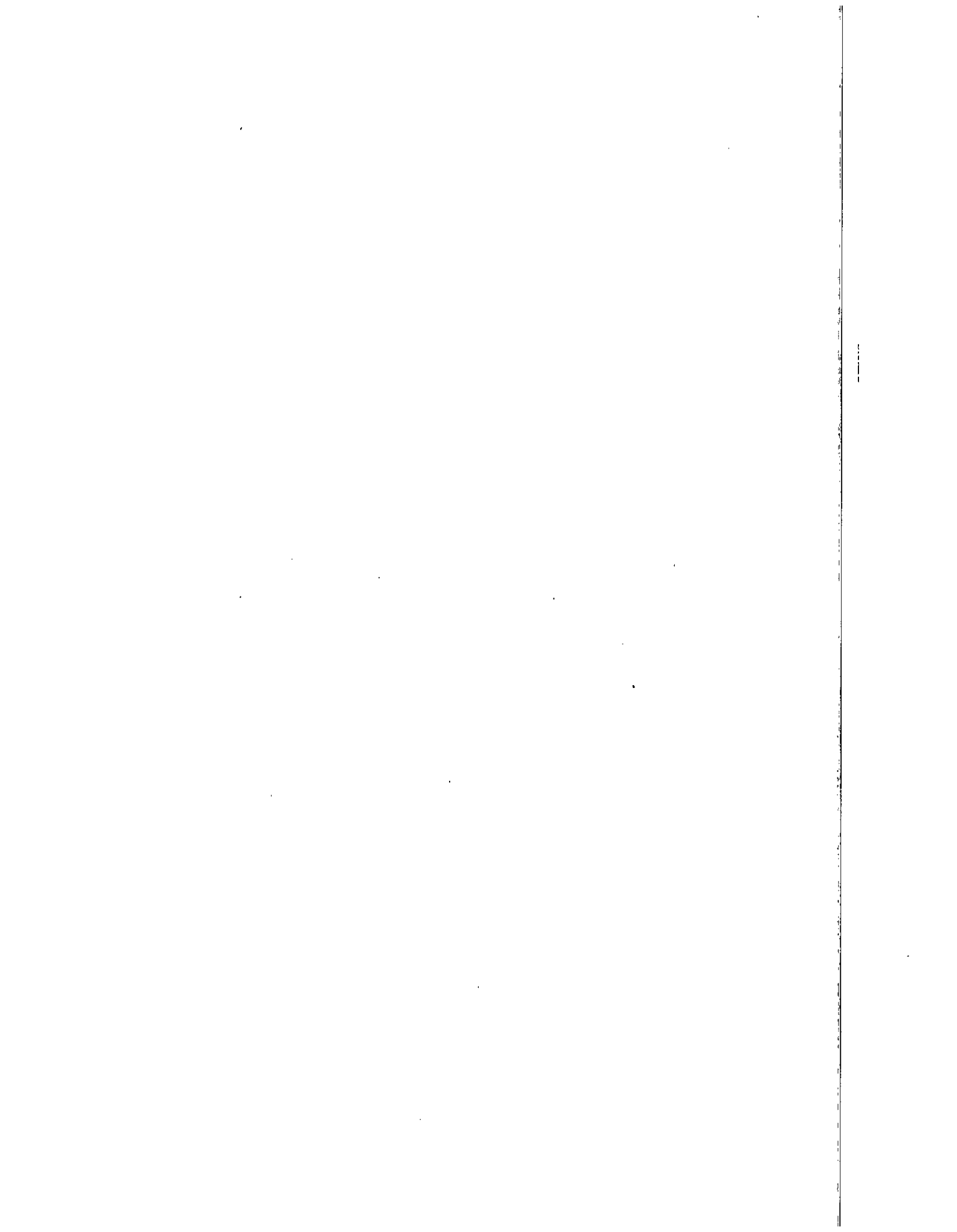


Office of the Agency Administrator

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Approved as to form and legality:


Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. _____ C.M.S

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE FEDERAL, STATE AND LOCAL GRANT FUNDING FOR PLANNING, DESIGN, AND CONSTRUCTION OF INFRASTRUCTURE IMPROVEMENTS ON THE FORMER OAKLAND ARMY BASE INCLUDING, BUT NOT LIMITED TO, ENVIRONMENTAL REMEDIATION, MATERIALS IMPORT AND SURCHARGING, RAIL EXPANSION, PUBLIC UTILITIES, STREETS, AND LANDSCAPING, WITHOUT RETURNING TO THE AGENCY BOARD

WHEREAS, the Oakland Army Base Reuse Plan documented the need to install all new public utilities and streets to serve new development of the former Oakland Army Base; and

WHEREAS, the cost for new transportation systems, utilities, streets, open space, and safe public access is roughly estimated at \$525,000,000; and

WHEREAS, the Agency and the Port of Oakland are planning to enter into a Cost Sharing Agreement that may commit the investment of more than \$32,000,000 in Army Base Redevelopment Area funds and the investment of up to \$243,000,000 in Trades Corridor Improvement Funds through the Port; and

WHEREAS, a substantial amount of additional public investment will be required to prepare the former Army Base for private investment to its best and highest use; now, therefore be it

RESOLVED: That the Agency Administrator is authorized to apply for, accept, appropriate, and allocate local, state and federal grant funds as deemed appropriate and essential for Army Base development planning, design, and construction, without returning to the Agency Board; and be it

FURTHER RESOLVED: This action complies with the requirements of the California Environmental Quality Act (CEQA) for the reasons stated in the Agency Board Agenda Report, and the Environmental Review Officer shall cause to be filed appropriate Notices of Exemption/Determination; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to take whatever action is necessary with the respect to applying for, accepting, appropriating, and allocating grant funds in support of the development of public improvements on the former Oakland Army Base consistent with this Resolution and its basic purposes, without returning to the Agency Board.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES – KERNIGHAN, NADEL, QUAN, DE LA FUENTE, BROOKS, REID,
KAPLAN, AND CHAIRPERSON BRUNNER

NOES –

ABSENT –

ABSTENTION –

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California